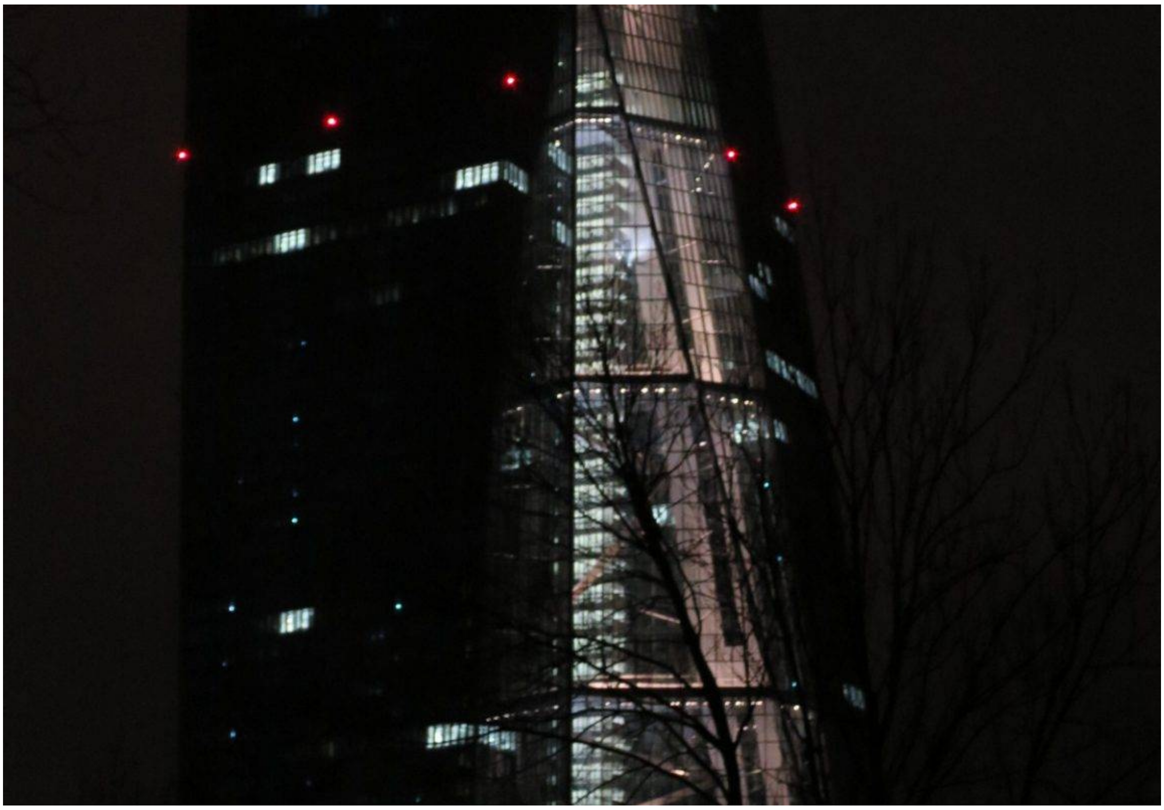

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CAPITALISM IN TIMES OF CATASTROPHE (LECTURE)

ECONOFICTION CAPITAL, DERIVATIVE, FINANCE, MARXISM, POLYCRISIS

lecture at University Hamburg 17.1.2024

"Overfished, overvalued, overcommunicated, overbranded, overaesthetized, overmedicated, overmonitored, overvirtualized, overmedialized" (Kroker, Krooker, Cook 1989: 13). Today, it is speculative capitalization in particular – inextricably linked to the rise of networked computers – that has led to over-medialization as a result of ecstatic excesses of growth: Too much capital, but also too many images and too many signs that neutralize any historical meaning and exercise a white censorship through excess. This kind of simulation through excessive reality overload entails a new escalation of obesity (Baudrillard), which ultimately becomes

visible in waste of all kinds: Nuclear waste, chemical waste and industrial waste, but also the excess of opinions, laws and texts that float like carcasses in the stream of corruption and the perishable. World capitalism seems to have entered a paradoxical, accelerating and at the same time exhausting panic mode, in which the ecstasy of the over as over-accumulation and over-speculation meets the destructive activities of capital, especially with regard to the capitalization of nature and the production of a global surplus population.
We live today in a state of prolonged wakefulness and ubiquitous and multiple labor without time limit. We enjoy the ever-accelerating excesses of over-information and delight in the voracity of electronic links, accept the obesity of the social body and the overabundance of the derivative, drift deliriously through the high-speed economy, and are converts to satellite communication – we are caught up in an attention hysteria, where all the aspects of acceleration, which indicate that at least part of the world's population in the global North is in permanent transit and mobile, meet decelerated scenarios in which the surplus population in the global South remains trapped in immobility. However, instantaneously, people are connected in 24/7 mode almost everywhere on the globe, seamlessly integrated into the increasingly dense networks of communication, information and media representation, and they are fascinated by the scenario of media banality that today underlies real pornography, the real obscenity of nothingness, indifference and shallowness, as we immerse ourselves in the delusional exhibitionism that characterizes social media, where quantity prevails over quality. All the over-information that materializes in images, videos and texts becomes a tradable commodity that tech capital extracts and capitalizes as data. All data is credit data.

The current economic, social and geopolitical conflicts, for which the term "polycrisis" (Adam Tooze) is circulating in the media, could well develop a catastrophic dynamic in their interplay in the near future: speculative capital and its bubbles; a surge in inflation that forces central banks to tighten monetary policy; pandemics and brutal economic inequality; the corporate debt crisis as interest rates on loans rise; a real estate bubble that bursts; the increasing risk of global stagflation or recession.
a geopolitical shock such as the war between Russia and Ukraine, which has led to a rise in commodity prices. The peculiarities of Israel – a small country whose capital concentrated very quickly and was easy to transnationalize; ongoing international hostilities and the occupation of another people; and simmering religious, ethnic and racial conflicts in a region whose climate is warming faster than any other – make it a case study for imminent collapse. The ongoing stagnation of productivity in the non-industrial sector is accompanied by inflation. A certain return to protectionism is taking place, leading to an economic and political decoupling between the US and China and ending in a new cold war. The polycrisis must be examined as new tendencies of post-globalization, which now raise the question of unipolarity versus multipolarity (BRICS), among others. There are new global spatial logics that focus on the control of networks and their structures. Factors such as interconnectivity and interdependence are the key principles of network structures, with geopolitical rivalry focusing on the control of non-linear and not necessarily hierarchical nodes in topological networks. And finally, the climate crisis could lead to bitter wars over water and unprecedented migrant flight movements.
However, the polycrisis can certainly not be understood as the summation of various individual crises. In a polycrisis, the various shocks that permeate the economic, political and

social spheres are differentiated and of varying intensity, but they interact and intermingle, so that as a result the (open) whole is driven even more strongly into crisis than if the crisis were merely the result of a sum of partial crises. The decisive factor is that various shocks and crises interact, overlap and mix, resulting in a polycentrifugal crisis that is more catastrophic than any crisis resulting from a sum of partial crises. The term “polycrisis” therefore does not simply stand for the addition of different crises, but for a globalized crisis-emergency system that is characterized by diverse networks, interactions and relationships. The totality of these crisis-like dynamics, which all exhibit a high degree of feedback effects, exceeds the sum of their parts. As in quantum theory, the whole is now more than the sum of its parts, which can ultimately only be explained by the effectiveness of possibilities inherent in the entanglement of processes. The concept of entanglement shows that there is a holistic overall state which, as a result of the superimposition of parts, comprises many more states than would result from the mere addition and sum of the parts. This is due to the quantitative-multiplicative composition of the whole.

The question that arises here is whether we can then still speak of separate crises that connect and branch out, or whether we should rather speak of interwoven or overlapping processes of financial, geopolitical and other ecstasies that lead to increasing eco-economic, systemic chaos or catastrophe. In the new financial cosmology, time is engineered, not experienced. The current polycrisis is very specifically temporal, possessing polyvalent and destabilizing uncertainties that can no longer be structured by a horizon of possibilities, but indicate limits, probabilities and closure. Here, temporality is less the measure of a physical existence than a technology with which the systemic conditions of the economy are shaped. Time itself becomes a technical medium.

In times of catastrophe, reality and fiction intermingle. The global information war is currently in full swing in view of the wars in Ukraine and Gaza. Different versions of reality are clashing more and more openly. There is no longer just one reality, as there was in the old world. This is exactly what Baudrillard means by hyperreality.

The catastrophe is tantamount to an ongoing and worsening polycrisis, in which collapses occur in all areas and a return to normality is a distant prospect. Things are accelerated and at the same time halted before they end in order to keep them in the tension of their appearance for an indefinite period of time. Catastrophe jealously guards the illusion of eternity, but it also plays with it by fixing things for a second eternity. Catastrophe never completes itself, but more than that, because by never completing itself, it becomes the real, reality as a simulation of itself. The word catastrophe in Greek originally means kata (down) and streiphen (turn) to indicate a downward turn, a shift in temporal gravity, like a black hole that reshapes time.

In disasters, political functions, the economy and the material and social factory are disrupted or interrupted to such an extent that a return to normality is a distant prospect. The catastrophe is a hole between before and after that cannot be absorbed by the old rationality, while a new normality is still to come. One could also call the catastrophe a black box in which the rationality of the modelable, the knowable and the predictable collapses. The catastrophe is multicausal and protracted. It gives rise to what could be called the “homo catastrophicus”. However, talk of catastrophe must not lead critical discourse to fall in love with the idea of its own future in order to end up turning to the preservation of the planet, humanity and the culture of consumption (while speculative capital coldly and rationally

calculates the future). This would only make the spectacle of the end of the world or the apocalypse productive for the media. Apocalypse and extinction are not only different, but incompatible concepts. While the apocalypse secures the meaning of an end, extinction anticipates the end of meaning.
It is not just about Covid, financial crises and climate change today, but above all, as many forms of protest also show, about symbolic forms that formulate nothing more than that any social contract has been broken, while continuing to appeal to it. The end would then perpetuate itself and continue to process the abyss. The myth of the No Future would continue to be reflected in the myths of the coming extinction, which in turn would renew themselves again and again. The ongoing staging of disintegration and the reconstitution of the staging itself – under the banner of the myth of the impossibility of the end (of capitalism) – is precisely what Baudrillard understands as simulation. Even the promise of liberation remains useful or is simulated, insofar as it merely tests the resilience of the system. Baudrillard therefore also says that we live after the orgy (which has liberated everything). We must not equate talk of the end (of the world) with catastrophe. During the coronavirus crisis, governments and central banks deployed exorbitant sums of money to rule out any possibility that the system could come to an end, while at the same time the crisis at least dented the previous confidence in the system as a perpetual motion machine. At the same time, catastrophe bonds are being issued as if the financial markets could be adjusted; various symptoms of the catastrophe, such as the climate crisis, call into question the functionality of the system in order to proliferate and accelerate it at the same time.

There is widespread agreement among Marxists that the financial crisis of 2008 marks the beginning of a structural crisis of global capitalism. This truly major economic event implemented the crisis as a governmental dispositif that has taken the form of a management of the economy by financial markets and central banks, albeit never fully successful, and at the same time has become a monstrous form of political judgment. In contrast to medicine, in which the crisis is supposed to trigger the cure and thus disappear, the current polycrisis does not seem to be passing, rather it seems to be delirious in permanence, without any way out, without any alternative like capitalism itself. For Marxists, this has the macroeconomic implication that crises in today's capitalism have at least lost their purifying function; capital needs them to conceal its chronic impotence. What is changing, therefore, is the epistemic function of the crisis.
The global financial crisis of 2008 played out over-speculation in dimensions, processes and quantities of money capital that made it abundantly clear that financial capitalization has replaced industrial production as the engine of capital and at the same time introduced a creative destructiveness into the economy that goes far beyond the allocation of capital for the purpose of commodity production. It is now dominated by the (crisis-like) excess of speculative capital – the acceleration of the creation of ever new assets, a process that leads at intervals to financial collapse and plunges large sections of the population, especially in the global South, into ever new miseries, impoverishment and financial uncertainties. With the ecstasy of speculative capital, the fordist production of the factory in the global North disappears, only to continue to exist in all kinds of proliferations (in the global South). Meanwhile, financial capital heralds the victory of a weightless digital economy, which on the one hand has largely freed itself from the "real economy" and left itself to autoreferential

speculation, and on the other hand must constantly control the real economy on the financial markets, so that one cannot speak of an absolute detachment of financial capital from industrial capital. However, it is not the real economy that drives the financial economy but, conversely, it is the financial economy that structures the real economy. It must always be borne in mind that the "value" of a financial investment is not subordinate to the capitalist production process, but precedes it. It does not exist because surplus value has been produced, but because financial capital is confident that returns will be realized in the future. We can observe the same thing again and again in modern financial crises: The expansion of lending mobilizes money for derivatives, the prices of which rise with higher demand. These derivatives, which buyers use to bet on rising or falling commodity prices, for example, in turn serve as collateral for further borrowing, setting off a feedback loop in which loans promote the creation of assets and these further mobilize lending as collateral. This notorious treadmill effect constantly brings new players into the market, who have to make their investments riskier due to the intense competition. The response of professional securities traders (traders) is to increase their investments by borrowing (leverage), to which the mass of traders respond by applying the same strategies, which in turn causes profits to fall in the long term. Ultimately, minor turbulence in the markets can lead to a systemic collapse. Financial crises, like any capitalist crisis, are in a way always crises of overproduction. There are two different dynamics to consider here, but they are also interrelated: While overcapacity in industry, which is accompanied by falling profit rates, is characteristic of the downturn, in the financial markets the treadmill effect, triggered by excessive speculation, which can be not just a symptom but also the cause of overproduction, is responsible for prices for financial investments falling below the value of outstanding debt, leading to insolvencies, while liquidity dries up and bubbles burst.
Global monetary capital is now less parked in industrial or technology companies or actively managed through certain hedge funds and banks, but is managed (and passively managed) by large asset management groups such as BlackRock, State Street and Vanguard, which have become an important faction of transnational capital after the financial collapse of 2008, taking on new investment and control functions on a global scale. These asset management firms are increasingly passively following stock indices with their diversified portfolios, rather than actively trading stocks, bonds or derivatives; they act more as financial intermediaries when they take over the shareholder function in public companies and provide financial channels in which wealthy elites invest.
Much of the money raised by asset managers is invested in financial assets such as stocks and bonds (BlackRock, etc.), but by no means all of it, and less and less. Some asset managers (Blackstone, Harrison Street, Safanad, Foresight Group, etc.) are increasingly investing the money entrusted to them not in financial assets, but in two other important types of assets. The first is real estate, the second is infrastructure, from physical water supply networks to roads, hospitals and electricity transmission networks.

Today, the question of a coming financial crisis is once again more pressing against the backdrop of stagflation, the mix of inflation and stagnation. The bottlenecks in global supply chains caused by the Covid-19 crisis have led to a rise in prices for intermediate products, raw materials, semiconductors and fossil fuels. The massive monetary and fiscal policy measures taken by governments and central banks contributed to inflation. Added to this is a change in

the dynamics of capitalist competition, namely the ability of some large companies to exploit supply blockages in order to drive up prices. Severe droughts increase concerns about access to food, which drives volatility and speculation on the financial markets.
he biggest non-event of the neoliberal era of capitalism is probably the stagnation of the economy in the phase of the fourth "industrial revolution", which has not yet been overcome even by digital automation and the associated advances in productivity. The paradox is that productivity growth rates in the manufacturing sector have collapsed just when they were supposed to be rising rapidly due to automation.

The weak economic growth in the capitalist global economy has been accompanied by unexpected inflation in energy, commodity and food prices since 2022. With inflation, money appears to lose value or there appears to be a surplus of money in circulation compared to the goods on the market. In reality, however, it is prices that change and rise. To understand the phenomenon of inflation, one should examine price trends.

Companies raise prices in order to increase their profits. However, rigid price fixing is only possible for companies with a high degree of market power. The large corporations have a diverse product portfolio and their sales management and marketing are so sophisticated that their customers remain loyal even in times of crisis.

If the current rise in inflation in certain industries were solely due to problems in global supply chains and the war in Ukraine, this would indeed be a temporary phenomenon. However, it should also be noted that energy prices, for example, are primarily regulated on the financial markets, which was partly responsible for their price increase.

While supply and demand in traditional markets play some role in the dramatic fluctuations in oil, gas and food prices, the far more significant cause of the rise in high prices (and their subsequent crash) lies in the financial markets.
Derivatives are now at the heart of speculation, and they are to some extent decoupled from the price of the underlying asset, such as oil, although not completely decoupled. Far more derivatives and futures contracts are bought and sold today than barrels of oil are traded.

For low- and middle-income households, the rise in energy prices has a direct impact on consumer behavior. They are forced to make savings and suffer a loss of real income. The state compensation payments are like a drop in the ocean for the lower classes. Social policy is now like politics itself. It is administered to the masses in a homeopathic dose, diluted to such an extent that it becomes negligible in relation to the overall solution and leaves only a trace that is so tiny that it is barely noticed, but ultimately survives as a simulation (as a policy of well-meant advice on how to save money).

In this context, the dilemma of the major central banks becomes evident: if monetary policy is tightened too much and interest rates are raised too quickly, this could lead to the cost of borrowing rising so sharply that new investment by companies falls further, consumer demand stalls and an economic slump occurs. However, if the central banks do not act decisively enough and continue their policy of cheap money to a certain extent, the high inflation may not even be temporary. However, the current inflationary trends cannot be stopped by raising interest rates, as there is no interest rate that can equalize supply chains or reduce energy costs. However, interest rate rises affect the demand side by making

borrowing more expensive and reducing investment and consumer demand, which can accelerate a recession. In these circumstances, workers lose their ability to negotiate higher wages and suffer a decline in their purchasing power.

In the financial sector, the spectre of a coming financial crisis first reappeared in the spring. Silicon Valley Bank (SVB), a regional banking institution with close ties to tech companies in the US, went bankrupt in March and was shut down by US regulators. The collapse was a local event, but at the same time it is a symptom of a globalized financial crisis. The SVB's problem was the ten-year government bonds in which many US banks had invested a large proportion of their deposits since 2022. Their market valuation had fallen due to the rise in interest rates because their interest rates are lower than those of the new bonds. When interest rates rise, the prices of the old securities fall. Government bonds were considered the safest and most liquid assets of all, but in reality they proved to be vulnerable to changes in the monetary environment, because when the banks tried to sell them, their market value had fallen far below their nominal value.

What are the characteristics of the current crisis on the world markets? The Fed's higher interest rates are strengthening the dollar and intensifying the inflow of capital from the emerging markets to the US financial markets. The Fed's policy is therefore not only motivated by domestic politics – and never has been. At a historic moment when a non-dollar zone is forming in Asia and Africa, the Fed is working to restore the dollar's global dominance across the board. For example, energy and pharmaceutical prices are largely priced in dollars on world markets, so the cost of importing these vital products is skyrocketing in emerging markets and fueling inflation at home. So while the Fed technocrats raised interest rates to dampen economic activity at home and lower inflation, they simultaneously exported inflation abroad.

However, in 2022, the dollar's share of global reserve currencies fell ten times faster than the average of the previous two decades. In 2001, the dollar's share of global currency reserves was still 73%, subsequently falling to 55% in 2021 and finally dropping to 47% in 2022. In view of this explosive situation, it can be stated that The US needs foreign commodities, while the BRICS countries can create their own currencies that are linked to tangible assets such as gold, oil and minerals. The pricing of oil and gold is already shifting to Russia, China and West Asia. As a result, demand for US dollars is declining, which means that the purchasing power of the dollar and its exchange rate will fall in the future. At a time when dollar-based global supremacy threatens to collapse, the US continues to rely on the military-industrial complex as the backbone of its currency. However, China does not appear to be in a position to decisively weaken the status of the US as a hegemonic world power, as its industry is already driven by financial excesses comparable to those of the West.

A debt-driven capital economy inherently requires the creation of more and more debt. More debt consequently requires more growth and perhaps even non-linear growth of different forms of capital to generate the profits and returns needed to pay the interest. Despite the negative externalities such as environmental degradation and dysfunctional social relations associated with sustaining economic growth, growth or expanded capital accumulation is absolutely necessary to ensure that even a portion of the debt is repaid. According to Robbins/Di Muzio, every economic transaction today includes interest, whether it's buying a good, paying a rent or mortgage, enjoying a restaurant meal or paying for a service; basically, interest is someone's debt.

The first industrial revolution was, among other things, about the implementation of a fossil fuel-based technology, a poisoned fruit of history to this day, according to Andreas Malm. The current climate is a product of persistent CO_2 emissions in the past. The transfer of carbon from geological reserves to fireplaces and then to be emitted into the atmosphere set the process in motion. It takes time for a certain quantity of CO_2 emissions to be recognized as a heat yield and before it has an effect on the planetary ecosystem. With each new emission added to past emissions, the concentration of CO_2 in the atmosphere increases (CO_2 remains in the atmosphere for several thousand years) and global warming accelerates, i.e. emissions are cumulative. (Ibid.: 11) The emission of one ton of CO_2 would not be so dangerous if there were not already trillions of tons of CO_2 in the atmosphere; it is therefore the total accumulation that causes temperatures to rise, and the more CO_2 is emitted, the less chance there is of being able to slow down the increase that is taking place.
For Jason Moore, capitalism is always more than just an economy or a system; it is a way of organizing nature. He describes capitalism as a world ecology that establishes and organizes the connection between capital accumulation, the pursuit of power and the co-production of nature. Capital requires the production of cheap nature, the four "chaps": cheap food, cheap energy, cheap labor and cheap raw materials. Cheap nature is produced when "agencies" such as capital, science and empire release cheap sources in and from nature for capital production – cheap in the historical sense, since the four cheap "chaps" contribute to reducing the socially necessary abstract labor time.

Today, the globe has become a dumping ground for the production facilities and consumer processors of hypermarkets. With regard to the long-standing devastation of the globe, Moore speaks of a "general law of overpollution" and emphasizes three aspects: First, the law specifies the relational asymmetry between surplus value and overpollution, the latter being an unsustainable consequence of pollution. Over-pollution implies a tendency towards non-linear shifts and increases in all types of socio-ecological systems. Second, the law emphasizes the centrality of the limits of cheap nature to global accumulation, since any limit to production today also implies a limit to waste. Thus, an inextricable link is established between escalating over-pollution and imperial projects of waste disposal. Thirdly, the non-linear evolution of over-pollution in the history of capitalism is shown, with each new ecological regime producing not only more waste, but also qualitatively new and more toxic forms of waste.

The surplus population, especially in the global South, has long since become a structural category within the political economy. This huge population group suffers from permanent underemployment and is forced to earn a vital income in the informal economies of megacity slums. In addition, there are internationally migrating refugees who are fleeing wars, oppression and natural disasters and therefore have to stay in the non-places of the world as migrant workers. However, the surplus population of the global South is mainly concentrated in the "planets of slums", as Mike Davis documents in his book of the same name. Hundreds of millions of people live there in utter misery.

My summary is therefore as follows: The stimulus versus austerity debate, which haunts all media, from left to right, from neoclassicism to post-Keynesianism, unflinchingly attests to the power of states to solve crises, but this power has long since been exhausted. Profit rates in

industry are stagnating, while the ecstatic growth of speculative capital is constantly widening the gap between orbitally circulating money capital and the surplus value created through the exploitation of labor. With the philosopher Fabio Vighi, we can speak of an illiberal meta-emergency world system that characterizes the new normality. If, according to Walter Benjamin, the catastrophe is that things will always go on like this, then in future we can expect an increasingly unacceptable drastic normality for large parts of the world's population, the catastrophic aspect of which can hardly be concealed.

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